

ST 01-0046-PLR 11/01/2001 TELECOMMUNICATIONS EXCISE TAX

The Telecommunications Excise Tax is imposed upon the act or privilege of originating or receiving intrastate or interstate telecommunications in Illinois at the rate of 7% of the gross charges for such telecommunications purchased at retail from retailers. See 86 Ill. Adm. Code Part 495. (This is a PLR).

November 1, 2001

Dear Xxxxx:

This Private Letter Ruling, issued pursuant to 2 Ill. Adm. Code 1200 (see <http://www.revenue.state.il.us/legalinformation/regs/part1200>), is in response to your letter of October 24, 2001. Review of your request for a Private Letter Ruling disclosed that all information described in paragraphs 1 through 8 of subsection (b) of Section 1200.110 appears to be contained in your request. This Private Letter Ruling will bind the Department only with respect to NAME for the issue or issues presented in this ruling. Issuance of this ruling is conditioned upon the understanding that neither NAME nor a related taxpayer is currently under audit or involved in litigation concerning the issues that are the subject of this ruling request.

In your letter, you have stated and made inquiry as follows:

As I indicated in our conversation this afternoon, the private letter ruling regarding SERVICE that was issued to NAME on October 12, 2001, should be clarified in that SERVICE is not technically an 'answering service' although it perform similar functions. Specifically, on page 5, paragraphs 4 and 5, the SERVICE is referred to as 'answering service.' For ease of dealing with the carrier regarding the taxability of this service, I suggest that the paragraphs be modified to read as follows:

Your letter presents a situation in which the taxpayer charges customers a flat rate fee per call for use of its ~~answering service~~ SERVICE. The ~~answering~~ service is comprised of a telecommunications component. The client provides its customer with a 1-800 number which callers use to contact the ~~answer~~ service. The charges for the ~~answering~~ SERVICE are disaggregated from the actual transmission charges for the 1-800 calls that are associated with it.

In the situation you presented, the disaggregated charges for the SERVICE~~answering~~ service are not charges for telecommunications subject to tax.

I believe that these modifications do not alter the intent of the Department of Revenue to exclude the SERVICE charges from taxation. The proposed modifications simply clarify

that SERVICE is not an answering service although it falls into the same category for taxation purposes.

Please do not hesitate to contact me should you have any questions or need to discuss this. Thank you for your consideration and time.

This Private Letter Ruling is issued to clarify a Private Letter Ruling issued to First Union Bank on October 12, 2001. Paragraphs 4 and 5 on Page 5 are amended to read as follows:

“Your letter presents a situation in which the taxpayer charges customers a flat rate fee per call for use of its SERVICE. The service is comprised of a telecommunications component. The client provides its customer with a 1-800 number which callers use to contact the service. The charges for the SERVICE are disaggregated from the actual transmission charges for the 1-800 calls that are associated with it.

In the situation you presented, the disaggregated charges for the SERVICE are not charges for telecommunications subject to tax.

The facts upon which this ruling are based are subject to review by the Department during the course of any audit, investigation, or hearing and this ruling shall bind the Department only if the material facts as recited in this ruling are correct and complete. This ruling will cease to bind the Department if there is a pertinent change in statutory law, case law, rules or in the material facts recited in this ruling.

I hope this information is helpful. If you have further questions concerning this Private Letter Ruling, you may contact me at (217) 782-2844. If you have further questions related to the Illinois sales tax laws, please visit our website at [www.revenue.state.il.us](http://www.revenue.state.il.us) or contact the Department's Taxpayer Information Division at (217) 782-3336.

Very truly yours,

Melanie A. Jarvis  
Associate Counsel

MAJ:msk